

MEMORANDUM



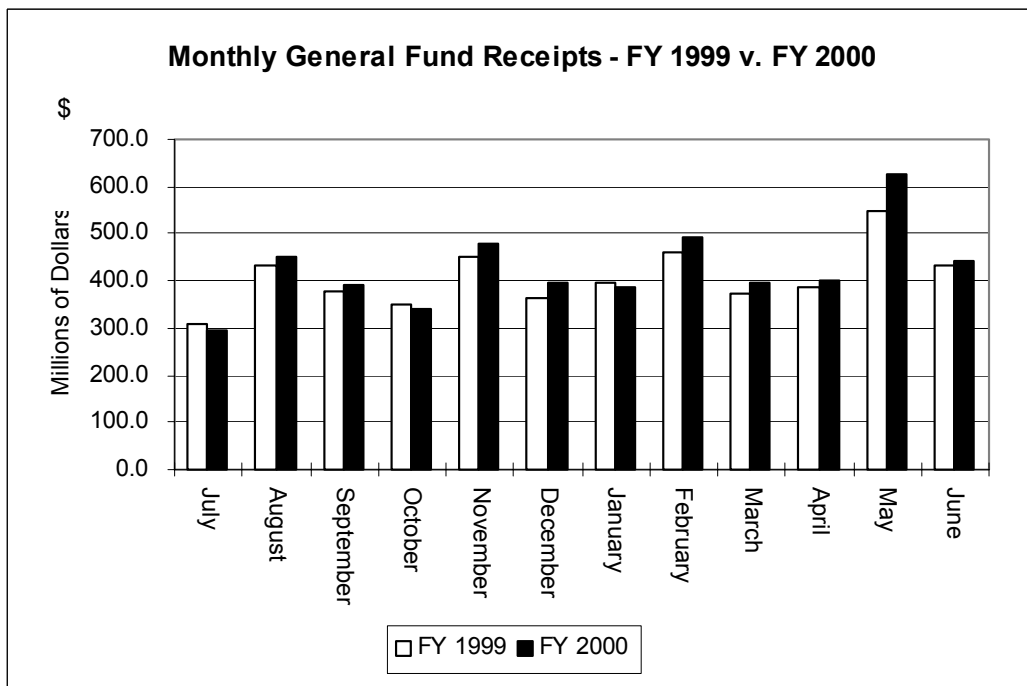
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: July 3, 2000

General Fund Receipts Through June 30, 2000

The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.060 billion) set by the Revenue Estimating Conference (REC) on April 7, 2000. The estimate represents an increase of \$179.9 million (3.7%) compared to FY 1999.



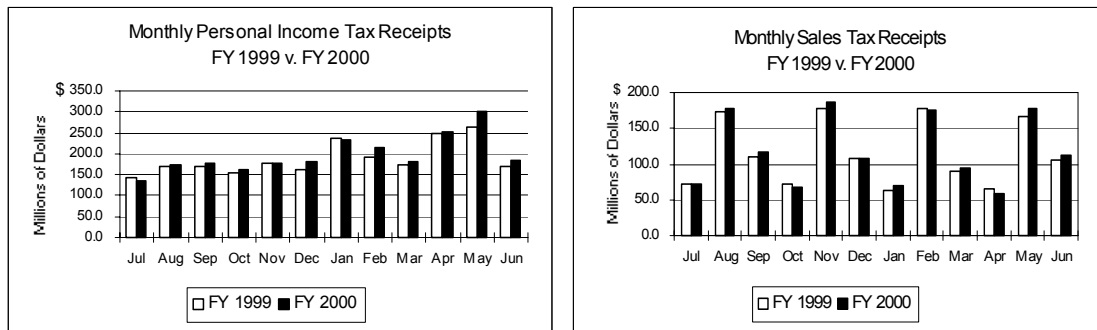
FY 2000 Compared to FY 1999

Total General Fund revenue for FY 2000 was \$5.097 billion, an increase of \$216.9 million (4.4%) compared to FY 1999. The FY 2000 actual revenue received is \$37.0 million above the REC estimate.

Total General Fund estimated tax refunds issued in FY 2000 were \$529.0 million, an increase of \$46.0 million compared to FY 1999. The REC estimated FY 2000 refunds at \$507.2 million, \$21.8 million less than actual refunds issued. Corporate and sales tax refunds accounted for the increase in tax refunds. In FY 2000, corporate tax refunds increased \$33.6 million (54.4%) and sales tax refunds increased \$14.0 million (46.5%). Personal income tax refunds decreased \$5.5 million (1.4%).

With General Fund revenues exceeding the REC estimate by \$37.0 million and tax refund payments exceeding the estimate by \$21.8 million, net FY 2000 receipts exceeded the REC estimate by \$15.2 million.

Total revenues for June 2000 increased \$10.4 million (2.4%) compared to June 1999. The chart on page 1 compares FY 2000 and FY 1999 monthly General Fund receipts.



Gross personal income tax revenues received in FY 2000 were \$2.376 billion, an increase of \$142.2 million (6.4%) compared to FY 1999. The REC FY 2000 income tax estimate of \$2.349 billion represents a projected increase of 5.2% compared to actual FY 1999.

Year-to-date growth in personal income tax withholding payments was \$97.9 million (5.8%) more than FY 1999, tax payments made with income tax returns increased \$50.6 million (23.8%), while estimate payments decreased \$6.3 million (1.9%).

For June 2000, personal income tax revenues were \$14.4 million (8.5%) more than June 1999. The chart above compares monthly personal income tax receipts for FY 2000 with FY 1999.

Sales tax receipts for FY 2000 were \$1.417 billion, an increase of \$39.1 million (2.8%) compared to FY 1999. The REC estimate for FY 2000 sales tax receipts is \$1.423 billion, an increase of 3.3% compared to actual FY 1999.

For June 2000, sales tax revenues were \$7.3 million (6.9%) more than June 1999. The chart above compares monthly sales tax receipts for FY 2000 with FY 1999.

Corporate income tax revenues received in FY 2000 were \$326.1 million, an increase of \$4.3 million (1.3%) compared to FY 1999. The REC projected FY 2000 corporate income tax receipts would total \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

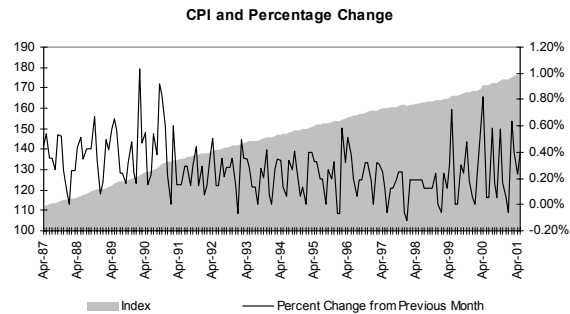
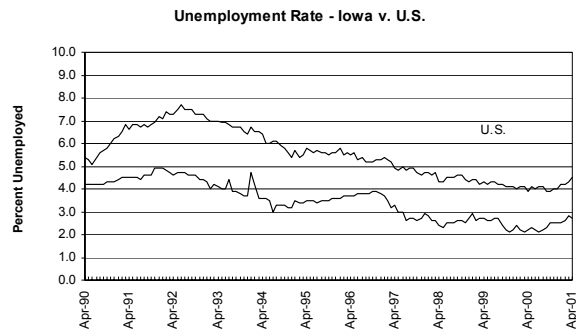
For June 2000, corporate income tax revenues were \$2.0 million (4.4%) more than June 1999.

Racing and gaming receipts to the General Fund reached the statutory cap of \$60.0 million in November. All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund.

Status of the Economy

The seasonally adjusted percent unemployed for the State in May was 2.3%. The April unemployment rate was 2.2% while the unemployment rate a year ago was 2.6%. Iowa's total May employment registered 1,541,900, down from April's level of 1,546,600. The number of unemployed persons in Iowa stood at 36,200 in May, which is up from April's level of 35,000. The U.S. unemployment rate for May was 4.2%.

Consumer prices in May rose 0.1% from April's level. The Consumer Price Index (CPI-U) through May 2000 was 171.3 (1983=100), which is 3.1% higher than one year ago. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through May 2000.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999						ESTIMATED GENERAL FUND RECEIPTS in millions of dollars			
July 1 through June 30, in millions of dollars						FY 99 Actual Compared to FY 00 REC Estimate			
	FY 1999		FY 2000		Year to Date		June		
					% CHANGE	% CHANGE			
Personal Income Tax	\$	2,233.7	\$	2,375.9	6.4%	8.5%		5.2%	
Sales Tax		1,377.5		1,416.6	2.8%	6.9%		3.3%	
Use Tax		242.7		246.8	1.7%	31.8%		2.6%	
Corporate Income Tax		321.8		326.1	1.3%	4.4%		-1.8%	
Inheritance Tax		90.1		114.8	27.4%	23.0%		25.5%	
Insurance Premium Tax		114.3		120.2	5.2%	-29.8%		2.1%	
Cigarette Tax		92.3		91.1	-1.3%	0.0%		-1.0%	
Tobacco Tax		6.5		6.6	1.5%	40.0%		4.6%	
Beer Tax		13.1		13.6	3.8%	16.7%		0.0%	
Franchise Tax		33.8		31.8	-5.9%	10.4%		-2.7%	
Miscellaneous Tax		1.1		1.3	18.2%	166.7%		0.0%	
Total Special Taxes	\$	4,526.9	\$	4,744.8	4.8%	3.1%		4.1%	
Institutional Payments									
Liquor Transfers:		49.7		49.7	0.0%	-7.5%		-1.4%	
Profits		32.3		36.0	11.5%	-31.0%		6.8%	
7% Gross Revenue		9.0		9.0	0.0%	0.0%		0.0%	
Interest		34.1		26.0	-23.8%	-45.5%		-25.2%	
Fees		58.3		66.3	13.7%	0.0%		10.3%	
Judicial Revenue		48.3		52.3	8.3%	13.0%		10.4%	
Miscellaneous Receipts		61.3		52.7	-14.0%	37.0%		-14.7%	
Racing and Gaming Receipts		60.0		60.0	0.0%	n/ m		0.0%	
TOTAL RECEIPTS	\$	4,879.9		5,096.8	4.4%	2.4%		3.7%	
			\$				\$		